



Arnold Schwarzenegger, Governor
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IN REPLY REFER TO:
FILE NO: 933-0300

VIA OVERNIGHT MAIL

June 12, 2006

Franklin Tom, Esq.
Vice President Legal Services
Health Net of California, Inc.
21650 Oxnard Street, Suite 2125
Woodland Hills, CA 91367

**RE: MENTAL HEALTH PARITY SURVEY REQUIRED ADDITIONAL
INFORMATION - DEFICIENCY 3 & 4 CORRECTED
REVISED**

Dear Mr. Tom:

As a result of the October 2005 Mental Health Parity Survey, Health Net of California, Inc. (the "Plan") was found to have a total of five deficiencies, four of five remained as of the issue date of the final report. A remedial action was placed on one of four deficiencies, specifically, Deficiency 3.

In Deficiency 3, the Plan had not ensured that benefit termination letters for Healthy Families enrollees clearly explained the reason for termination of services for children considered seriously emotionally disturbed (SED). In addition, the Plan did not explain the process of referral to enable access for these children to county mental health systems for SED evaluations. In regard to Deficiency 4, the Plan had incorrectly denied payment for emergency claims.

The Department of Managed Health Care (the "Department") required the Plan to submit additional evidence of corrective actions. Based on review of the information submitted, the Department finds Deficiency 3 & 4 have been corrected. No further action is required by the Plan regarding these deficiencies.

The two remaining deficiencies, Deficiencies 2 & 5, involve continuity and coordination of care and access and availability of services. In Deficiency 2, the Plan had not adequately ensured reasonable access to the provision of after-hour services. Deficiency 5 involved the Plan's failure to monitor and take action to improve the exchange of information between and among medical and mental health providers in a systematic and comprehensive manner.

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Within 30 days of receipt of this letter, the Plan is directed to contact the Department under a separate correspondence and provide evidence regarding current follow-up status of corrective actions for these two remaining deficiencies, Deficiency 2 & 5.

Please refer to the Mental Health Parity Final Report for details on the remaining issues that needed to be addressed with these two deficiencies. A copy of this correspondence is being put in the Plan's Public File.

If there are any questions please contact me at (916) 229-0787.

Sincerely,

[Signed Original On File]

Dan McCord, MBA
Senior Health Care Service Plan Analyst
Division of Plan Surveys